



IC MEMORANDUM 09-10

TO: KEHP School District Insurance Coordinators

**FROM: Department of Employee Insurance (DEI)
Enrollment Information Branch
Flexible Benefits Branch**

RE: Coverage Terminations and Summer Transfers

DATE: April 13, 2009

Commonwealth of Kentucky
Personnel Cabinet
Department of Employee Insurance
2nd Floor, State Office Building
501 High Street
Frankfort, Kentucky 40601

Web Site: <http://kehpn.ky.gov>

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A. Coverage Terminations:

School district employees who work under a July 1st through June 30th contract will be allowed to retain coverage through August 31st provided they:

- a) fulfilled the terms of their contract and
- b) the employee premiums for their summer coverage are deducted from their last paycheck(s).

At the end of the contract, if they are non-renewed or the district has issued a "pink-slip" to them with the intention of re-hiring them in the fall, the same coverage extension rules apply. This information should be sent to the DEI on an Update Form. The employment end date will be the 6/30 contract end date and the insurance termination date will be the last day of the month their coverage is paid for, i.e. 7/31 or 8/31.

If July and August premiums are not deducted from the last paycheck(s), but the employees have fulfilled the terms of their contract, coverage will end on the last day of the semi-monthly period for which premiums were paid in full. On the Update Form, the employment end date will be the 6/30 contract end date and the insurance termination date will be the last day of the semi-monthly period for which premiums were paid in full.

For those employees who retire at the end of their contract, coverage will stop on June 30th and all premiums for June are due from the district. Retirement will pick up coverage according to their rules which generally means a July 1st coverage effective date. However, final determination of when retirement coverage begins is subject to the rules of that retirement system. The Retirement System, like all other agencies, is responsible for processing this matter in a timely manner to ensure proper coverage. On the Update Form, please indicate a 6/30 end date for both employment and coverage and write "Retirement" on the form.



Employees who stop working before the last contract day; or, who fail to fulfill the terms of their employment contract; should be terminated from coverage following the regular employment termination rules indicated below. This information should be communicated to the DEI on an Update Form.

Employment stops between 1st and 15th:

- Health Insurance ends on 15th of same month
- FSA/HRA end on last day of work

Employment stops between 16th and 31st:

- Health Insurance ends on last day of same month
- FSA/HRA end on last day of work

Employees whose health insurance premiums or Waiver HRA premiums are fully paid by the state and who qualify for the extended summer coverage will be allowed to retain their coverage.

These rules apply to the following plans:

- Health Insurance
- Flexible Spending Accounts (FSAs)
- Health Reimbursement Accounts (HRAs)

B. Summer Transfers:

School district employees who work the last day of their contract under the old school district and the first day of their contract under the new school district are classified as "Summer Transfers." For the old district that is losing the employee, the information in section A above holds true, in that coverage will be extended through the summer if they worked the last day of their contract and premiums are paid.

If both Summer Transfer contract date rules are fulfilled and summer premiums have been paid, the employee will not experience a break in coverage. Coverage under the old district will stop on August 31st and coverage under the new district will begin on September 1st.

When notifying the DEI of a summer transfer, please write "Summer Transfer" on the Update Form or the Enrollment Application.

An employee who should have been classified as a summer transfer but his/her premiums were not deducted for the summer months will likely experience a break in coverage. Should this occur, the employee has a couple of options (see below). The same options also apply to an employee whose new school district did not realize he/she was a summer transfer and, as a result, the employee experienced a break in coverage when the new hire 1st day of the 2nd month waiting period was applied. .

The employee may choose

- a) to back up coverage as early as his/her hire date under the new school district and pay the arrears either by personal check or through their first paycheck; or,
- b) to leave the summer months un-covered due to lack of medical or pharmacy claims, and start his/her coverage either on August 1st or September 1st.

When notifying the DEI of an employee who should have been classified as a summer transfer instead of a new hire, please write "CORRECTION: Summer Transfer" on the Update Form or the Enrollment Application and indicate the effective date of their coverage based on the options above. The three effective date possibilities are

- 1) the hire date,
- 2) August 1st or
- 3) September 1st.

If the contract employment date rules were not fulfilled, the employee is not considered a summer transfer and must enroll as a new employee in the fall, subject to all new employment rules and deadlines.

Please Note: It is the responsibility of the Insurance Coordinators and the Members alike to understand and act as quickly as possible to any *foreseeable* or *unforeseeable* changes that may occur with regard to terminations and Summer Transfers of the KEHP Plan.

Please contact the Dept. of Employee Insurance with questions.

Enrollment Information Branch: (502) 564-1205

Member Services Branch: (888) 581-8834